TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 2384 – SB 2246

March 21, 2012

SUMMARY OF AMENDMENTS (014461, 013482, 013982, 013984, 013487, 013294, 013521, 013299, 013511, 013492): Deletes all language after the enacting clause. Replaces "civil service" with "state service" to describe executive branch employees. Replaces the "career service" category of state employees with "preferred service," and establishes personnel procedures. Requires all supervisory personnel, while employed by the state in such a position, to be physically present in Tennessee while supervising employees unless traveling out of state for business purposes. Decreases the time required for posting a job announcement from two weeks to one. Requires the Commissioner to establish and maintain a list of eligible applicants meeting the minimum qualifications for each position. Replaces the Civil Service Commission with the Board of Appeals (Board). Specifies the composition of the Board.

Requires the appointing authority to interview at least three candidates. Creates veterans preference in the interview and hiring process. Creates an interview and hiring preference for spouses of disabled or deceased veterans in specified circumstances. Increases the probationary period to at least one year, rather than the current six months. Requires the Department of Human Resources (DOHR) to report to the State and Local Government Committees of the Senate and House of Representatives about the job evaluation system on or before July 1, 2013. Specifies the circumstances under which an appointing authority is authorized to lay off or furlough employees. Requires, for purposes of seniority as a consideration for a reduction in force, persons with veteran's status shall have 60 months added to their total months of service. Establishes procedures for the dismissal, demotion and suspension of preferred service employees.

Authorizes the Commissioner to establish standards for performance evaluations and merit pay. Directs the purposes for which a job performance evaluation may be used. Authorizes appointing authorities, upon the Commissioner's approval, to undergo a reduction in force, furlough, or reduction of hours due to lack of funds or work, efficiency, or other material change. Defines "guaranteed transfer opportunity" and "guaranteed voluntary demotion opportunity" relative to a reduction in force. Requires DOHR to maintain a layoff list of all employees affected by a reduction in force. Prohibits the filling of a vacant position from a list of eligibles until it is determined that the layoff list contains no names of employees who will accept the position. Establishes the order of recall. Directs that from July 1, 2012, through December 31, 2013, employees whose positions are abolished because of a reduction in force must be provided 60 days advance notice of a layoff. Directs that from January 1, 2014, through June 30, 2015, the employee must be provided 45 days advance notice of a layoff. Directs that beginning July 1, 2015, employees must be provided 30 days advance notice of a layoff. Decreases, from 30 to 14 days, the advanced notice required when a layoff is due to a likelihood of the revenue fluctuation reserve funds (rainy day fund) falling below $200,000,000 (currently $100,000,000).

Establishes time limits and procedures for the filing of complaints by employees and the rendering of decisions by DOHR and the Board. Establishes time limits for the appeals process. Establishes the party having the burden of proof. Authorizes the Governor to remove a member of the Board for cause. Requires hearings to be held before a three-member panel of the Board. Requires the Board to render a final decision within 120 days of the filing of the complaint. Authorizes the Commissioner to enter into agreements with local governments to provide services in the administration of personnel, for which local governments will reimburse the state. Creates a Class C misdemeanor for any state officer or employee who violates any of the above provisions.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures – $400

Other Fiscal Impact – The decrease in state expenditures resulting from one state employee being laid off is approximately $7,900. Any future decrease in state expenditures is dependent upon the number of employees laid off in any given year. As a result, this impact cannot be quantified with reasonable certainty.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Other Fiscal Impact – The decrease in state expenditures resulting from one state employee being laid off between July 1, 2012, through December 31, 2013, is approximately $4,000. The decrease in state expenditures resulting from one state employee being laid off between January 1, 2014, through June 30, 2015, is approximately $5,900. The decrease in state expenditures resulting from one state employee being laid off in FY15-16 and subsequent years is approximately $7,900. Any future decrease in state expenditures is dependent upon the number of employees laid off in any given year. As a result, this impact cannot be quantified with reasonable certainty

Assumptions applied to amendment:

- According to DOHR, the number of Board members remains the same.
- The average state employee salary is $3,958 per month. Currently, the state gives each laid off employee three months notice, resulting in average state expenditures of $11,874 ($3,958 salary x 3 months) per employee.
- Decreasing the notice period from three months to two months will decrease state expenditures by approximately $3,958 ($3,958 x 1 month) per employee between July 1, 2012, through December 31, 2013.

- Decreasing the notice period from three months to one and one-half months will decrease state expenditures by approximately $5,937 ($3,958 x 1.5 months) per employee between January 1, 2014 through June 30, 2015.
- Decreasing the notice period from three months to one month will decrease state expenditures by approximately $7,916 ($3,958 salary x 2 months) per employee in FY15-16 and subsequent years.
- The number of state employees that will be laid off in the future is unknown and dependent upon several unknown factors such as the extent of future revenue collections, and the extent of future departmental appropriations received by the various state departments and agencies. Given these unknowns, the total decrease in state expenditures cannot be quantified with reasonable certainty.
- According to DOHR, no departmental responsibilities will be affected by the transfer of current civil service employees into the preferred service.
- Departments currently have a designee to hear due process grievances. DOHR assumes the same designee will hear appeals on behalf of the Department.
- According to DOHR, requiring the final decision of appeals to be rendered within 120 days codifies current practice.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

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